

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AID-05 CIAE-00 COME-00
EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00
XMB-04 OPIC-06 SP-02 LAB-04 EPG-02 SIL-01 OMB-01
DODE-00 PM-04 H-02 L-03 NSC-05 PA-02 PRS-01
SS-15 ABF-01 FSE-00 /101 W

-----231848Z 009726 /44

P 231721Z MAY 77

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 414

INFO USMISSION OECD PRIORITY

UNCLAS MADRID 3988

E.O. 11652: N/A

TAGS: EFIN, SP

SUBJECT: SPANISH INFLATION

1. SPANISH CONSUMER PRICE INFLATION IS A SUBJECT WHICH IS INCREASINGLY DISCUSSED HERE. EL PAIS REPORTED ON MAY 21 THAT THE MARCH COL FIGURE, NOT YET OFFICIALLY RELEASED, WILL BE 2.6 PERCENT (1976 BASE). THE PROVISIONAL COL FIGURES (ALSO 1976 BASE) FOR JANUARY (3.03 PERCENT) AND FEBRUARY (1.69) ARE IN THE SAME RANGE. TOGETHER THESE FIGURES SUM TO 7.4 PERCENT DURING THE FIRST QUARTER (30 PERCENT ANNUAL RATE).

2. IF THIS RATE IS MAINTAINED, THIS YEAR'S INFLATION WILL BE SUBSTANTIALLY HIGHER THAN LAST YEAR'S 20 PERCENT (UNDER THE OLD INDEX). LAST YEAR'S INFLATION WOULD HAVE BEEN SOMEWHAT HIGHER, IT IS TRUE, IF CALCULATED UNDER THE NEW, MORE ACCURATE 1976-BASE STATISTICS. BUT IT IS NEW CLEAR THAT SPANISH INFLATION IS NOT ONLY HIGH BUT RISING. THE INFLATION STATISTICS SHOW THAT THESE PRICE RISES ARE GENERALIZED (I.E., EXPERIENCED IN FOOD, HOUSING, MEDICAL CARE AND OTHER CATEGORIES).

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3. INFLATION IS A MATTER OF GROWING CONCERN, DISTURBING TO CONSUMERS, GOVERNMENT OFFICIAL, AND POLITICAL ACTIVISTS. IT CAN BE EXPECTED TO BECOME AN INCREASINGLY MORE POLITICIZED ISSUE. STABLER

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 23-May-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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